

§ 231.1

32 CFR Ch. I (7–1–99 Edition)

AUTHORITY: 10 U.S.C. 136.

SOURCE: 54 FR 33513, Aug. 15, 1989, unless otherwise noted.

§ 231.1 Purpose.

This part:

(a) Reissues DoD Directive 1000.11¹ (32 CFR part 231) and updates policies and responsibilities for financial institutions that serve DoD personnel on DoD installations worldwide. Associated procedures are contained in DoD Instruction 1000.10² (32 CFR part 231a) and DoD Instruction 1000.12³ (32 CFR part 230).

(b) Ensures that arrangements for the provision of services by financial institutions are consistent among DoD Components, and that financial institutions operating on DoD installations provide, and are provided, support consistent with the policies stated herein.

§ 231.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS), the Joint Staff and the supporting Joint Agencies, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Uniformed Services University of the Health Sciences (USUHS), the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as “DoD Components”).

§ 231.3 Definitions.

Automated Teller Machine (ATM). An electronic machine that dispenses cash, and may perform such other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN). Shared access refers to ATMs that may be used by cardholders of more than one financial institution.

Bank and/or Credit Union Liaison Officer. A commissioned officer or DoD ci-

vilian employee of equivalent grade appointed by an installation (military community) commander to work with officials of the servicing financial institution and its clients. A noncommissioned officer may be appointed if he or she is the senior financial management official at the installation.

Banking Facility. A banking office located on a DoD installation and operated by a financial institution that the Treasury Department has specifically authorized, under its designation as a “depository and financial agent of the U.S. Government,” to provide certain banking services at the installation. Such offices may be either self-sustaining or nonself-sustaining. Also known as a military (or community) banking facility.

Banking Institution. The organization that is chartered to operate a banking office on a DoD installation. For purposes of this Directive and DoD Instructions 1000.10 and 1000.12, the term also includes savings associations as defined herein.

Banking Office. A banking facility, branch bank, or independent bank operated by a banking institution on a DoD installation. Also includes savings associations and their branches operated on a DoD installation.

Branch Bank. A separate unit chartered to operate at an on-base location geographically remote from its parent banking institution.

Credit Union. A cooperative nonprofit association, incorporated under the Federal Credit Union Act, 12 U.S.C. 1751 et seq., or similar State statute, for the purposes of encouraging thrift among its members and creating a source of credit at a fair and reasonable rate of interest.

Credit Union Branch. A subsidiary office of an existing full-service credit union.

Credit Union Facility. A facility employing a communications system with the parent credit union to conduct business at remote locations where a full-service credit union or credit union branch is impractical. Credit union facilities need not provide cash transaction services, but must disburse loans and shares via check or draft and provide competent financial counseling during normal working hours.

¹Copies may be obtained, if needed, from the U.S. Naval Publications and Forms Center, Attn: Code 1053, 5801 Tabor Avenue, Philadelphia, PA 19120

²See footnote 1 to § 231.1

³See footnote 1 to § 231.1

Defense Credit Union. A State or federally chartered credit union with a field of membership composed primarily of DoD personnel.

Discrimination. Any differential treatment in provision of services, including loan services, by a financial institution to DoD personnel and their dependents on the basis of race, color, religion, national origin, sex, marital status, age, rank, or grade. However, if uniformly applied, the amount of credit extended may be directly based upon an applicant's total income.

DoD Personnel. All military personnel; civil service employees; other civilian employees, including special Government employees of all offices, Agencies, and Departments performing functions on a DoD installation (including nonappropriated fund instrumentalities); and their dependents. On domestic DoD installations, retired U.S. military personnel and their dependents are included.

Domestic DoD Installation. A military installation located within a State of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

Fair Market Rental. A reasonable charge for on-base land, buildings, or building space (i.e., property). Rental is determined by a Government appraisal, based on comparable properties in the local civilian economy. However, the appraiser shall consider that on-base property may not always be comparable to similar property in the local commercial geographic area; for example, limitation of usage and access to the financial institution by persons other than those on the installation, proximity to the community center or installation business district, the Government's right to terminate the lease or take title to improvements constructed at the financial institution's expense, and the limited consumer environment of a DoD installation.

Federal Credit Union. A credit union established and operated under authority granted by the Federal Credit Union Act, 12 U.S.C. 1751 et seq., and chartered, supervised, and periodically examined by the National Credit Union Administration.

Field of Membership. The group of people entitled to credit union member-

ship because of a common bond of occupation or association; or employment or residence within a well-defined neighborhood, community, or rural district. The field of membership is defined in the credit union's charter by the Federal or State regulatory agency.

Financial Institution. This term encompasses any banking institution, credit union, and subordinate office or facility, each as separately defined herein.

Financial Services. Those services commonly associated with financial institutions in the United States, such as checking, share and savings accounts; funds transfers; sales of official checks, money orders, and travelers checks; loan services; safe deposit boxes; trust services; sale and redemption of U.S. Savings Bonds; and acceptance of utility payments.

Full-Service Credit Union. A credit union that provides full-time counter transaction services, to include cash operations, and is staffed during normal working hours by a loan officer, a person authorized to sign checks, and a qualified financial counselor. In overseas areas, "full service" includes cash operations where not prevented by:

- (a) Host-country law or regulation, or
- (b) Physical security requirements that cannot be resolved by the credit union or local command.

Full-Time. Refers to a banking facility or credit union branch that operates at least 5 days a week.

Independent Bank. A bank specifically chartered to operate on a DoD installation, whose directors and officers usually come from the local business and professional community. Such operations are thus differentiated from countywide or statewide branch systems consisting of a head office and one or more geographically separate branch offices.

Malpractice. Any unreasonable lack of skill or fidelity in fiduciary duties, or the intentional violation of an applicable law or regulation, or both, that governs the operations of the financial institution. A violation shall be considered intentional if the responsible officials know that an action or inaction violated a law or regulation.

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National Bank. An association approved and chartered by the Comptroller of the Currency to operate a banking business.

On-base. Refers to physical presence on a domestic or overseas DoD installation.

Operating Agreement. A mutual agreement between the DoD installation commander and on-base financial institution regarding their relationships.

Overseas DoD Installation. A military installation (or community) located outside the States of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

Part-Time. Refers to a banking facility or credit union branch that operates fewer than 5 days a week, exclusive of additional payday service.

Regulatory Agency. Includes the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Federal Home Loan Bank Board; the several Federal Reserve Banks and the Board of Governors of the Federal Reserve System; the National Credit Union Administration; the various State agencies and commissions that oversee financial institutions; and, for banking facilities, the Fiscal Assistant Secretary of the Treasury.

Savings Association. A State or federally chartered mutual or stock savings institution, to include savings and loan associations, building and loan associations, homestead associations, and savings banks.

Share Draft. A negotiable or nonnegotiable draft or other order prepared by a credit union member and used to withdraw shares from a share draft account, normally through the commercial banking system.

State Bank. An institution, organized and chartered under the laws of a State of the United States, to operate a banking business within that State.

State Credit Union. An institution, organized and chartered under the laws of a State of the United States, that operates under the same general principles as a Federal credit union and is supervised and examined by a State regulatory agency or commission.

§ 231.4 Policy.

(a) Duly chartered financial institutions may be authorized to provide

services, where demonstrated and justified needs exist, to facilitate the administration of public and quasi-public monies and enhance the morale and welfare of DoD personnel.

(b) Financial institutions shall be established on DoD installations only after approval by the appropriate regulatory agency and the DoD Component concerned.

(1) Independent or branch banks, full-service credit unions, and savings associations are the preferred sources of on-base service at domestic installations.

(2) Banking facilities shall be established on DoD installations only when a demonstrated and justified need cannot be met through other means. Normally, banking facilities shall be used only at overseas locations and in States that prohibit branch banking. In times of mobilization, it may become necessary to designate additional banking facilities as an emergency measure. Upon recommendation by a DoD Component, banking facilities are designated by the Treasury Department under 12 U.S.C. 265.

(3) The extension of banking facility and credit union services overseas is encouraged, consistent with the policies stated herein and with pertinent status of forces agreements, bilateral arrangements, and local laws.

(4) Retail banking operations shall not be performed by DoD activities. DoD Components shall rely on commercially available sources in accordance with DoD Directive 4100.15⁴ (32 CFR part 169). However, proposals to seek the provision of financial services by institutions off the installation, when such services are available from existing on-base institutions, shall be approved by the DoD Component headquarters only after consultation with the Comptroller, Department of Defense (C, DoD).

(c) Financial institutions authorized to locate on DoD installations shall be provided logistic support as set forth in DoD Instructions 1000.10 and 1000.12.

(d) Military disbursing offices, non-appropriated fund instrumentalities, and other DoD installation activities shall use on-base financial institutions

⁴See footnote 1 to § 231.1.